

Recommendation 2: Raise the Food Stamp Program's Minimum Benefit to \$25 a Month.

The Food Stamp Program's minimum benefit should be increased to \$25 per month and adjusted in the future based on the annual change in the cost of living. The new costs estimate is \$3.5 billion over 10 years. About \$2 billion of this cost is linked directly to the benefit increase and annual adjustment. Because such a change would likely attract new participants to the program (especially seniors), we estimate an additional cost of \$1.5 billion as a result of increased participation among currently eligible non-participant households.

Rationale: The Food Stamp Program's existing benefit allotments are inadequate. The minimum benefit level is of particular concern. It currently stands at only \$10 per month and has not seen an increase since the 1970s! Simply put, \$10 does not stretch as far as it did when the minimum benefit level was set 30 years ago, and a significant increase is long overdue.

One obvious advantage of raising the minimum food stamp benefit is that it would increase the spending power of those on the low end of the benefits scale, and it would allow them to purchase more – and more nutritious – food for themselves and their families.

In addition, raising the minimum food stamp benefit may help to increase participation among eligible families. Nationwide, only 56 percent of those who are eligible receive food stamps; among the elderly, just one-third of eligible households participate. The small minimum benefit contributes to these low participation rates. Because the application process can be long and complex, eligible families need to know that the food stamp benefits they will receive are worth the effort of applying. Especially among the elderly, the myth that “You’ll only be eligible for \$10” is a powerful deterrent.

Adding an annual cost of living adjustment (COLA) is important to insure that the minimum benefit keeps pace with inflation. The maximum benefit level already has a COLA, and it only makes sense to do the same for the minimum benefit.

These proposed changes would benefit present food stamp recipients as well as some eligible families who currently are not participating. They also would help to give the Food Stamp Program a more positive public image, as one that provides reasonable benefits that are worth the effort of applying.

Description: Food stamp benefits range from the current minimum of \$10 per month to about \$500 per month for a family of four. The amount of food stamps a family receives depends on their household size, income and expenses. Maximum benefit amounts are determined by the US Department of Agriculture's Thrifty Food Plan (TFP), which consists of food lists and menu plans that serve as the national standard for a minimally nutritious diet at the lowest possible cost. Many families nonetheless find that it is impossible to meet their most basic nutritional needs with the TFP allotment.

The proposal to increase the minimum benefit and add an annual COLA would disproportionately benefit elderly and disabled households, who often qualify – or believe that they would qualify – for only very small benefits.